Global Economics and Business

Consortium Institute of Management and Business Analysis
Spring 2014

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Course Description
This course is an economics course about international economics and business. At other universities this course might be titled International Economics. The objective of the course is to provide the student with the intuitive and the formal understanding of the economic principles of international economics. For the most part, the course focuses on the modern nonmonetary theories, causes and patterns of international trade. The gains from trade and the distribution of those gains, e. g. identifying the winners and losers from international trade, are clearly studied and explored. The powerful forces of globalization are discussed, analyzed and evaluated. NAFTA, the EU and other formal economic relations among nations are described and assessed. The economic effects of government policies that facilitate trade and those that restrain trade are analyzed. Current issues in international economic policy, including monetary issues, and how these relate to the patterns of trade and investment and to the basic economic principles of international economics are an important focuses of the course.

Course Prerequisites
Principles of Microeconomics – ECON1100
Principles of Macroeconomics – ECON1200

Course Goals
1) understand the content and role of economic theories in interpreting international movements of goods and services, labor, business enterprise, investment, and technology;
2) become familiar with fundamental economic theories which explain movements of goods, services, capital between and among countries;
3) explore basic attributes and evolution of international trade system and international financial system;
4) learn about key factors that affect international trade, with the focus on government trade policies and regional trade blocks;
5) learn from the original sources about the role of the World Trade Organization and International Monetary Fund in resolving conflicts and crisis situations in the global economy;
6) enhance communication skills by involving students in analysis on real problems and policies in international business.
Course Methods
The course will be a mixture of class discussion and lecture. To a greater extent than almost any course, this course’s topics will be contained in the daily headlines. It will be critical to stay up-to-date on current events.

Class Procedure and Grading
Class will be a mixture of problem review, current event discussion, and lecture. You will be assigned textbook problems every week. We will review the problems in class. Following, there will be discussion of current topics/events. The class will complete with lecture on the next topic. Success in this class will occur through integration, not memorization. We will use economic techniques to objectively analyze economic events.

Grading
Interim Tests – 400 points (200 each)
Final – 250 points
Homework – 100 points
Papers – 200 points (100 each)
Participation – 50 points

Course grades will be approximately distributed according to the recommended guidelines of the Economics Department at the University of Iowa, which is 30% A’s, 40% B’s, 25% C’s and 5% D’s. These are only guidelines. Actual Distribution will depend on specific class performance.

Tests – There will be two interim tests (non-cumulative) and a final (cumulative). You may use a calculator. You may bring a one-page cheat sheet to each exam. Limit one letter- or A4-size page, one side. Please put your name on the cheat sheet and hand it in with the exam.

Homework – Homework will be taken from the numbered “Study Questions” at the end of each chapter. You may work with as many fellow students as you wish, but you must turn in your own homework. Typed submissions are preferred, written is acceptable if extremely legible. Homework will be due at the beginning of the session assigned. (see schedule)

Paper Topics – Paper topics will be a “current event” discussion. Please find an article, published since January 1, 2012 that pertains to the topic listed. Provide a three-page paper (12-point font, double-spaced) that summarizes the article AND explains the article in “textbook” terms and concepts. Cite the article. Papers will be completed in teams of three students (a team of two or four will also occur). Papers must be submitted as a word processing document. (.doc, .docx, .rtf, .txt only). The file name of the paper must hold to the following structure: Last name1_Last name2_MandB_Paper#. For example, if I were working with Joe French, my second paper would have a file name of: French_Kline_MandB_Paper2.docx
Papers will be due prior to the beginning of the class session assigned. (see schedule)
Please e-mail as an attachment to:
Bruce.kline@colorado.edu

Participation – contribute verbally to class. To earn full points you must bring an article or current event to the class’ attention. You must provide a verbal summary of why the item is important. Each class session, up to two students may present. Volunteer early. There are eighteen class sessions. In later class sessions, we will draw lots. Going early in the term is the only insurance that you will have the opportunity to present.

Course Materials:
Text and Materials
The European Wall Street Journal on-line will also be required. The main purpose of this requirement is to find current macroeconomic examples and to improve the students understanding of the European culture. I also strongly recommend [www.economist.com](http://www.economist.com).

**Wall Street on the Tundra**  

**Beware of Greeks Bearing Bonds**  

**When Irish Eyes are Crying**  

**It's the Economy, Dummkopf!**  

**A (Subprime) Catastrophe Foretold**  
[http://www.spiegel.de/international/0,1518,513748,00.html](http://www.spiegel.de/international/0,1518,513748,00.html)
# Class Schedule

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<th>Class Session</th>
<th>Topics</th>
<th>Assignments</th>
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| 1             | **Introductions**  
Review Principles of Micro (1100) and Macro (1200)  
- Supply/Demand/Equilibrium  
- Fiscal versus Monetary Policy | |
| 2             | **Chapter 1 and 2**  
Overview  
The International Economy and Globalization  
Foundations of Modern Trade Theory: Comparative Advantage | Study Questions: 3-5, 3-8, 3-13  
*Homework questions currently example only-subject to revision with International edition |
| 3             | **Chapter 3**  
Sources of Comparative Advantage | Study Questions: |
| 4             | **Chapter 4**  
Tariffs | Study Questions: 4-1, 4-8, 4-16 |
| 5             | **Chapter 5**  
Nontariff Barriers | Study Questions: 5-2, 5-9, 5-16 |
| 6             | **Chapter 6**  
Trade Regulations and Industrial Policies | Study Questions: |
| 7             | **Chapter 7**  
Trade Policies for Developing Nations | |
| 8             | **Chapter 8**  
Regional Trading Arrangements | Paper #1 due |
| 9             | **Chapter 9**  
International Factor Movements and Multinational Enterprises | Study Questions: |
| 10            | **Chapter 10**  
The Balance of Payments | Study Questions: |
| 11            | **Chapters 11**  
Foreign Exchange | Study Questions: |
| 12            | **Chapter 12**  
Exchange Rate Determination | |
| 13            | **Chapter 13**  
Mechanisms of International Adjustment | Paper #2 due |
| 14            | **Chapter 14**  
Exchange-Rate Adjustments and the Balance of Payments | Study Questions: |
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<th>Chapter</th>
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<td>Chapter 15</td>
<td>Exchange Rate Systems and Currency Crises</td>
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<td>18</td>
<td>Chapter 16</td>
<td>Macroeconomic Policy in an Open Economy</td>
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<td>19</td>
<td>Chapter 17</td>
<td>International Banking: Reserves, Debt, and Risk</td>
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<td>20</td>
<td>Review</td>
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<td>21</td>
<td>Final Examination</td>
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**Structural Policies**

Virtually everything that concerns the structural mechanics of this class, including among other things course credit, dropping and adding, and academic misconduct is governed by the Tippie College of Business, University of Iowa. Specific structural policies in that regard include:

**Accommodating Disabilities**: If you have a disability that may require some modification of seating, testing, or any class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly, if you have any emergency medical information that I should be aware of, or if you need special arrangements in the event of the building being evacuated, please let me know. Please see me after or outside of class to discuss these issues.

**Policy on Cheating**: It is my sincere hope that no student in this class submits work which is not his or her own. However, it seems prudent to clarify in advance the policy on cheating. If I determine that any assignment was not written solely by the student whose name appears on the assignment, the student will receive a zero (0) for the assignment and may receive an “F” for the class. All incidents of cheating will be reported to the CIMBA Undergraduate Office and the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of the semester. In general, the decision of the professor may be appealed to the CIMBA Undergraduate Staff and/or the College of Business Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate process. The Honor Code is located on the University of Iowa website.

**Sexual Harassment**: CIMBA, The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University of Iowa website: [http://www.sexualharassment.uiowa.edu/index.php](http://www.sexualharassment.uiowa.edu/index.php) to seek assistance from the department chairs, Dean’s Office, the University Ombudsmen Office, or the Equal Opportunity and Diversity Office.

**FERPA Requirement**: To participate in this class, it may be necessary to reveal to other students the names of students who are enrolled in this course. If you do not want your name revealed to other students enrolled in this course, please contact me in writing by the end of the first week of class.

**Complaints**: Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can’t resolve the complaint, you may contact the Economics Department Chair, John Solow (319-335-0845, john-solow@uiowa.edu). If you cannot resolve the complaint by speaking with the chair, you may contact the Associate Dean of the Tippie College Undergraduate Program, Lon Moeller, at 319-335-0924, or by email at lon-moeller@uiowa.edu.

**Class Attendance Policy**

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- 1st absence will result in the loss of 1/3 of a letter grade in the class
- 2nd absence (cumulative) will result in the loss of an entire letter grade
- 3rd absence (cumulative) will result in dismissal from the program

Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Istituto Filippin medical staff. If you are sick and cannot attend class, you must inform the CIMBA Staff immediately with failure to do so will resulting in an unexcused absence.

**Setting Appointments**

My purpose here is to give you the best integrated learning experience possible. If you are having trouble or need more detailed instruction, please let me know. We will schedule time for review.